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SUBJECT: MFA Requests More on Iraq Issues at Economic Partnership Commission Meeting; Embassy Supports

Ref: (A) State 306478 (B) Ankara 6530

Summary

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1. (SBU) MFA's only substantive comment on our draft Economic Partnership Commission (EPC) agenda was that Iraq economic issues merit a separate session on the agenda. The Turkish side does not expect its companies to gain Iraq reconstruction subcontracts at this meeting, but views the opportunities to exchange information and to network with U.S. officials and companies as a major outcome for the EPC. The Embassy supports MFA's view, and encourages Washington agencies to structure sessions on Iraq economic issues in both the governments-only and the private sector parts of the EPC. These sessions could contribute to expanded Turkish economic relations with Iraq, and thereby accelerate Iraq's stabilization and reconstruction. We also believe the EPC is an appropriate venue to highlight Commerce's Iraq Reconstruction Initiative. End Summary.

Accent on Iraq Issues

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2. (SBU) Meeting with Econoff on November 3, Mehmet Gucuk, MFA Deputy Director General for Bilateral Economic Affairs, stated that it was very important for the Turkish side to schedule a discussion of Iraq economic issues as a separate EPC agenda item, rather than including this in a discussion of regional issues over lunch on December 2. Gucuk stated that the Turkish side would like to have a private sector session on the Iraq reconstruction contracting process, which would also give Turkish companies the opportunity to network with U.S. contractors and USG officials, including from the Coalition Provisional Authority, as well as government-to-government sessions on other Iraq economic issues. He said that Turkish companies and the GOT do not expect to walk away from the EPC with subcontracts; rather, the Turkish side believes that holding a session which "educates" Turkish companies on Iraq issues would in and of itself be a key achievement.

Other EPC Topics

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3. (U) Using ref (A), Econoff briefed Gucuk on our agenda items and highlighted our interest in resolving investment and trade problems prior to the EPC. Gucuk told us that MFA would chair a GOT interagency meeting on the EPC on November 12. He said that MFA would discuss QIZs as well as other agenda items with Foreign Trade and other interested agencies at that meeting, which is likely to be the only interagency meeting scheduled prior to the EPC.

4. (U) On the private sector segment of the EPC on December 3, Gucuk opined that it might be more useful to hold several sessions (on Iraq and on investment issues) simultaneously so as to make it easier for participants to stick to a tight schedule and to enable companies to attend only industry-specific meetings if they chose to

do so. Gucuk expressed confidence that the Foreign Economic Relations Board (DEIK) and the American Turkish Council (ATC) are well-placed to handle the details of the private sector program.

15. (U) The GOT delegation is likely to be similar in terms of the agencies represented at the first EPC, though Gucuk said that not more than 20 GOT officials would attend the government-government sessions on December 2. He said the GOT delegation would likely include officials from MFA, Treasury, Foreign Trade, Customs, Transport/Communications, Health and Agriculture/Rural Affairs.

Comment  
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16. (SBU) Widening Turkish economic relations with Iraq will help stabilize Iraq's economy and contribute to prosperity on both sides of the border. The success of Iraq reconstruction is vital to both U.S. and Turkish foreign policies. For these reasons, the Embassy endorses MFA's suggestion that we devote more time to a discussion of Iraq issues at the EPC.

17. (SBU) At the governments-only session on December 2, we recommend that the USG, including CPA representatives, lead a presentation on issues in reconstruction, trade relations and regulations, finance issues, reform of Iraq's business climate and humanitarian assistance. At this meeting, we would recommend that Commerce brief participants on its Iraq Reconstruction Initiative, which will help companies from both the United States and Iraq's neighbors to partner with one another and with Iraqi companies. At the EPC, Commerce could describe planned Iraq reconstruction seminars and conferences in Turkey (December), Amman (January) and at the ATC conference (April). We believe it would be very useful to include relevant Iraqi officials in this session of the EPC if possible. The Turkish side could report on the experience of Turkish businesses operating in Iraq and ask questions.

18. (SBU) The following day, the same U.S., and possibly Iraqi, officials could brief Turkish business on reconstruction contracting and subcontracting, banking, insurance, and border issues. Turkish business would also have the opportunity to share their experiences and suggestions, ask questions, and network with U.S. officials and private companies attending the session. In addition to prime contractors, U.S. companies participating in the Commerce conferences described above could be recruited to attend this session of the EPC.

19. (U) Baghdad minimize considered.

Edelman